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# Extraordinary Financial Relief

Section 5.101.10 in the Rate Setting Regulations

In order to protect Medicaid recipients from the closing of a nursing facility in which they reside, this section establishes a process by which nursing homes that are in immediate danger of failure may seek extraordinary financial relief.

Note: This section deals only with risk of closure due to temporary circumstances beyond the applicant's control, there are other risk of closure sections in other regulations.

# Information Reviewed by DRS

The Division of Rate Setting has access to detailed financial information:

- Audited Financial Statements – Submitted by all facilities
- Desk Review by DRS – Over ~18 months
  - Includes identifying allowable and disallowed costs for purposes of calculating base Medicaid payments.
- EFR Application Addressing 13 Elements of Eligibility
- Additional Documentation as Requested by DRS
  - Full reviews take many months

EFR deals with independently verified external financial stressors that impact Medicaid access. The results help highlight systemic issues that could be undermining sector stability.

# Systemic Issues within the Rate Structure

Some of the reason for increased requests for EFR have to do with elements of the rate setting structure that were minor problems before but have been magnified by changes in the sector. These are on / have been on the list for Rate Setting to analyze and address. Examples:

- Inherently higher costs of hospital-owned nursing homes – note this is not just a Vermont issue and there are other reasons why a state might value hospital ownership.
- Disproportionate impact of restrictions on indirect / administrative costs for small facilities (because it's fixed costs distributed per bed).
- Programs that are structured to run at a loss, which becomes a larger issue when other costs centers are stressed – e.g. advanced dementia care, substance use disorder.
- Specific limits on capital investment that become barriers as our infrastructure ages.
- Rate volatility under the conversion to PDPM for the case mix.
- Administrative payment delays that interrupt cash flow – small providers, in particular, lack a strong buffer (note that some EFR awards come with recoupment).

# Systemic Issues Outside the Rate Structure

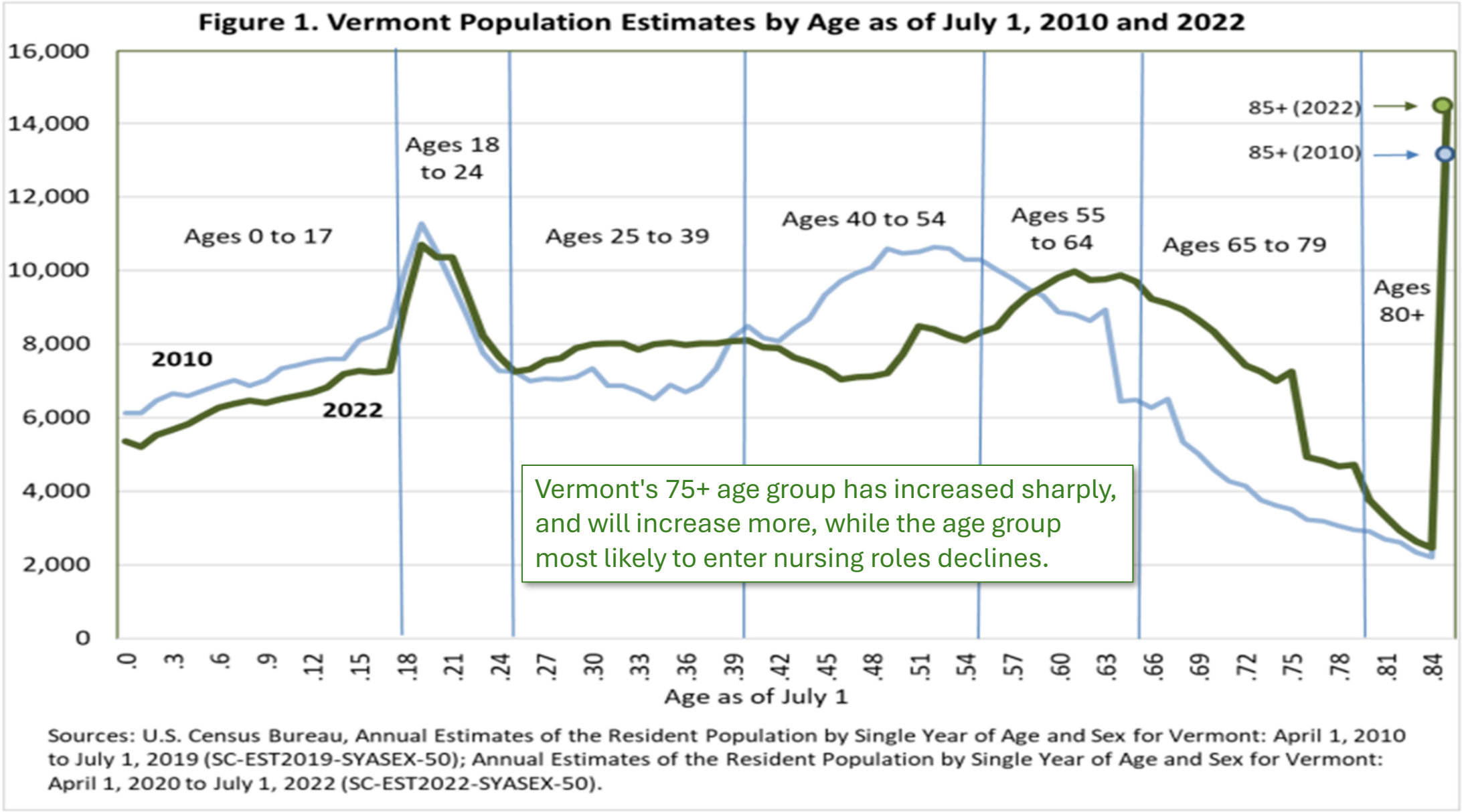
## Workforce

In this context, the focus tends to be on nursing workforce because they are the largest staffing costs and therefore the largest driver of financial instability.

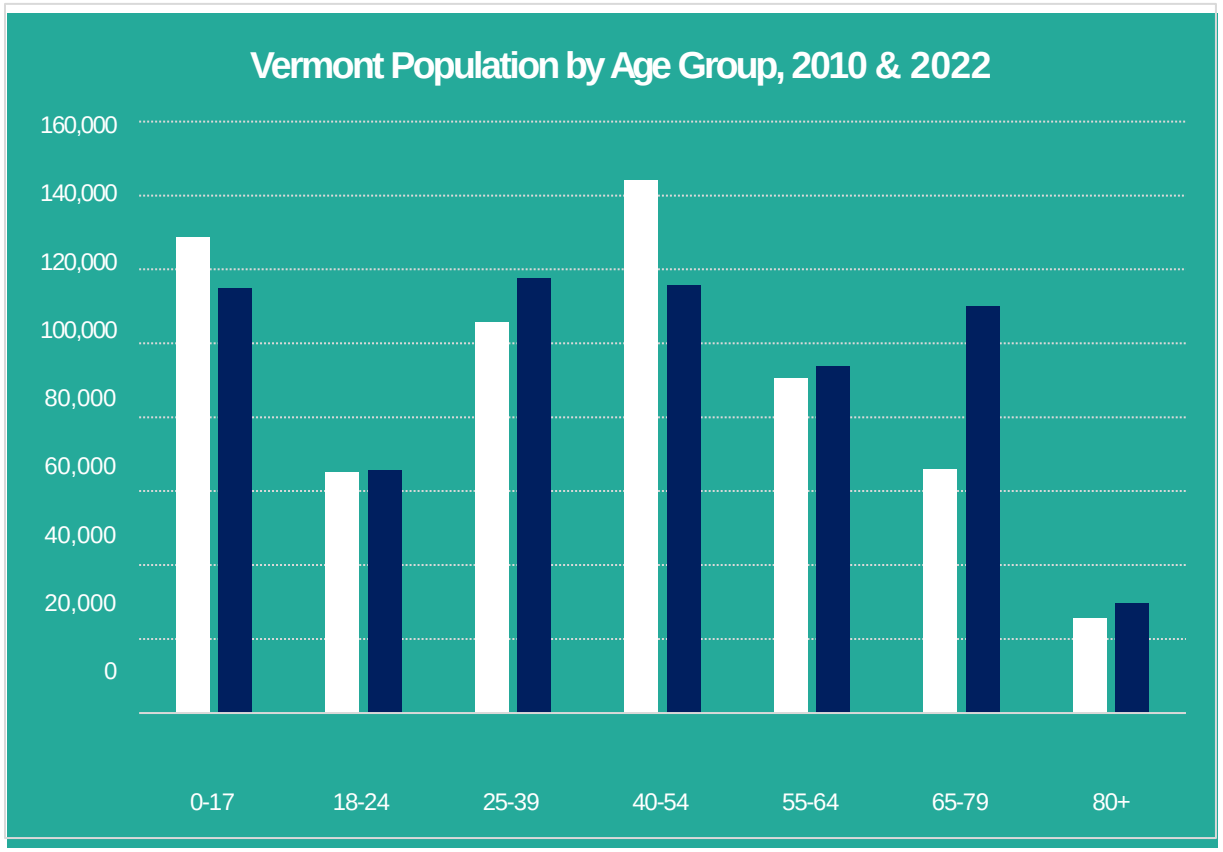
In 2025 – 2026, the legislature provided funding to both understand Vermont's options for increasing workforce in nursing homes and for pilot projects to recruit / retain workforce at individual facilities.

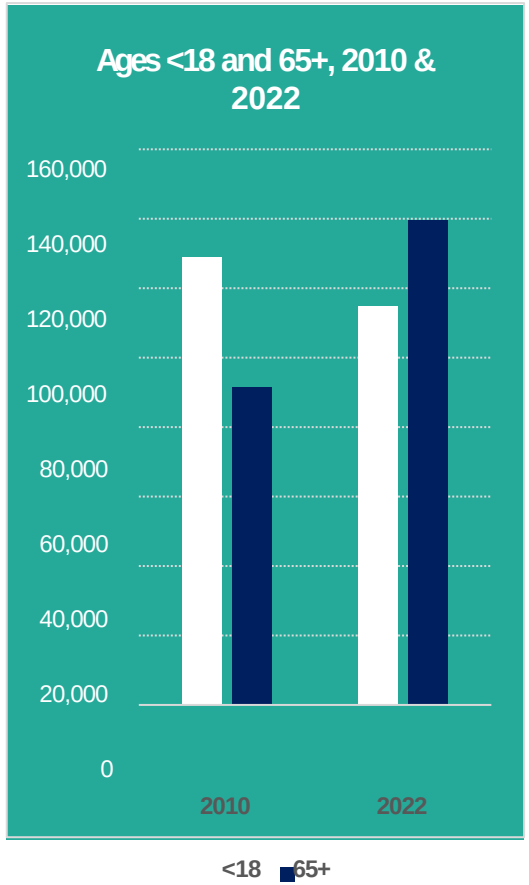
Materials Posted At: https://www.vhca.net/lna-workforce-development/

# Math is Not On Our Side



# Math is Not On Our Side



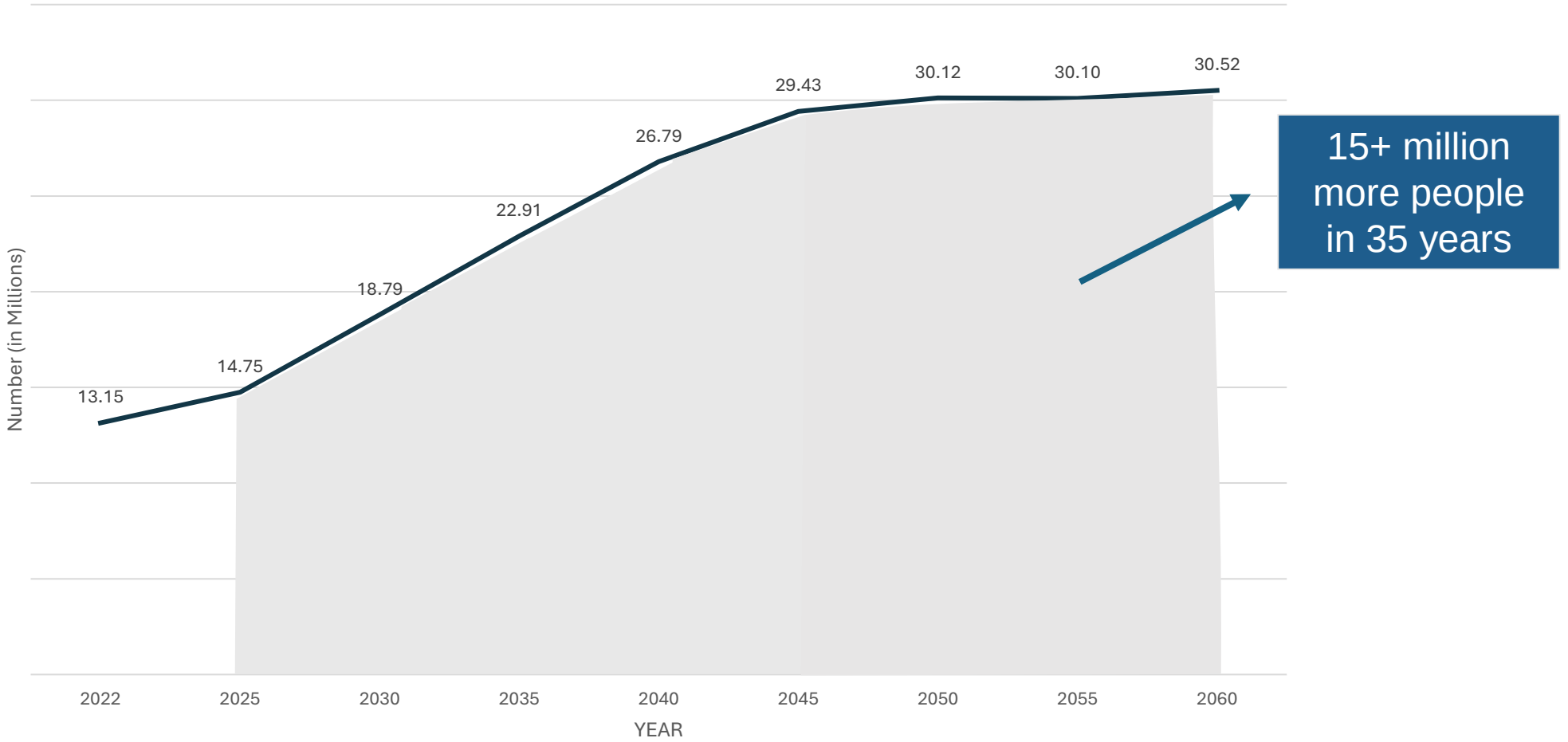

Source: U.S. Census Bureau, Estimates based on 2010 Decennial Census and 2022 Population Estimates

- In 2010, there were more people under the age of 18 than there were over the age of 65.
- In 2022, the opposite was true.
- This will have implications, particularly when it comes to access, delivery, and the costs of health care in Vermont.

*Excerpt from Joint Fiscal Office legislative briefing on health care*

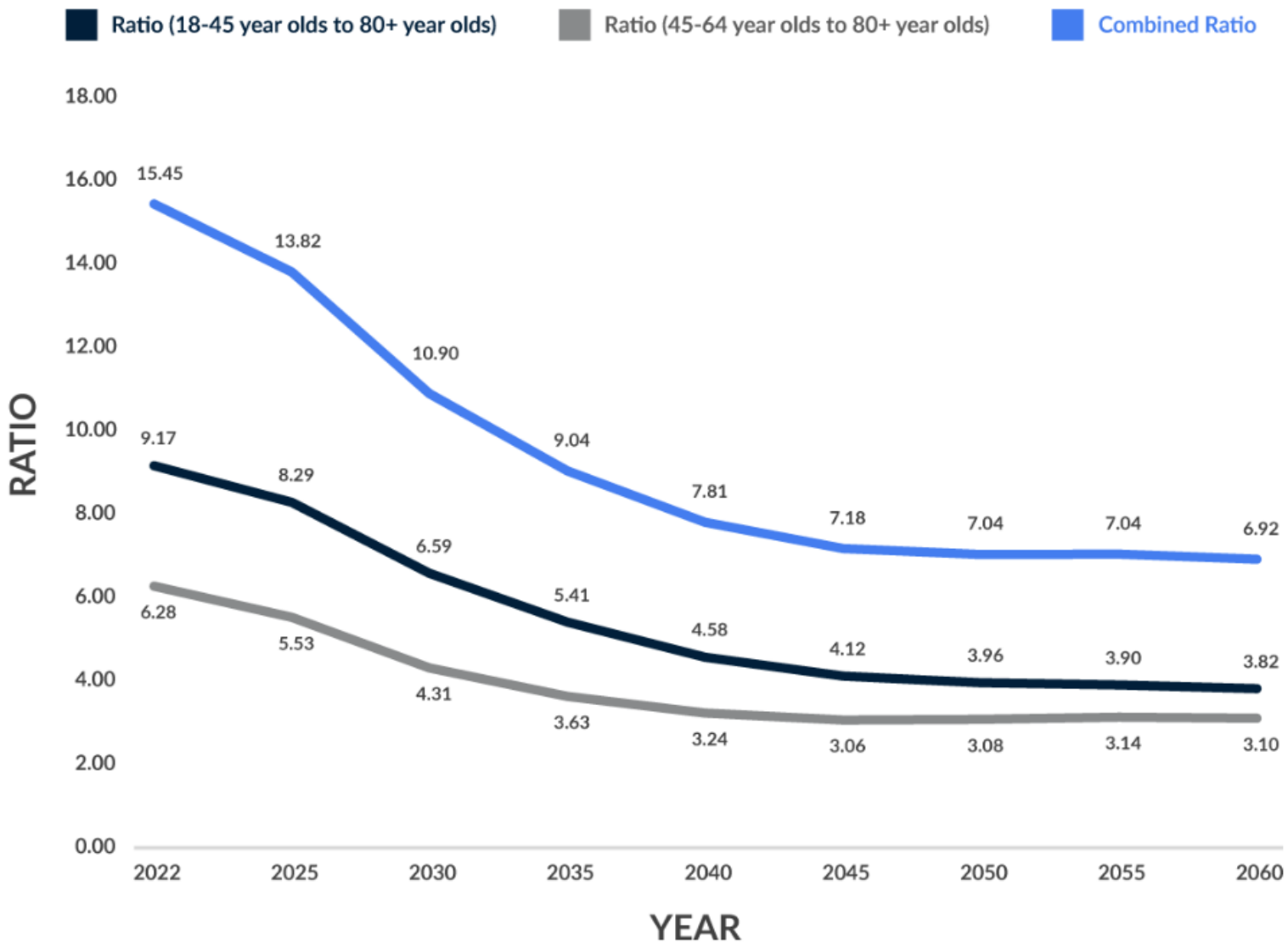
# Available Workforce from Other States Is Declining

## Population Projections of 80+ Year Olds from 2022-2060 - National




Data Source: US Census Bureau 2023 National Population Projections

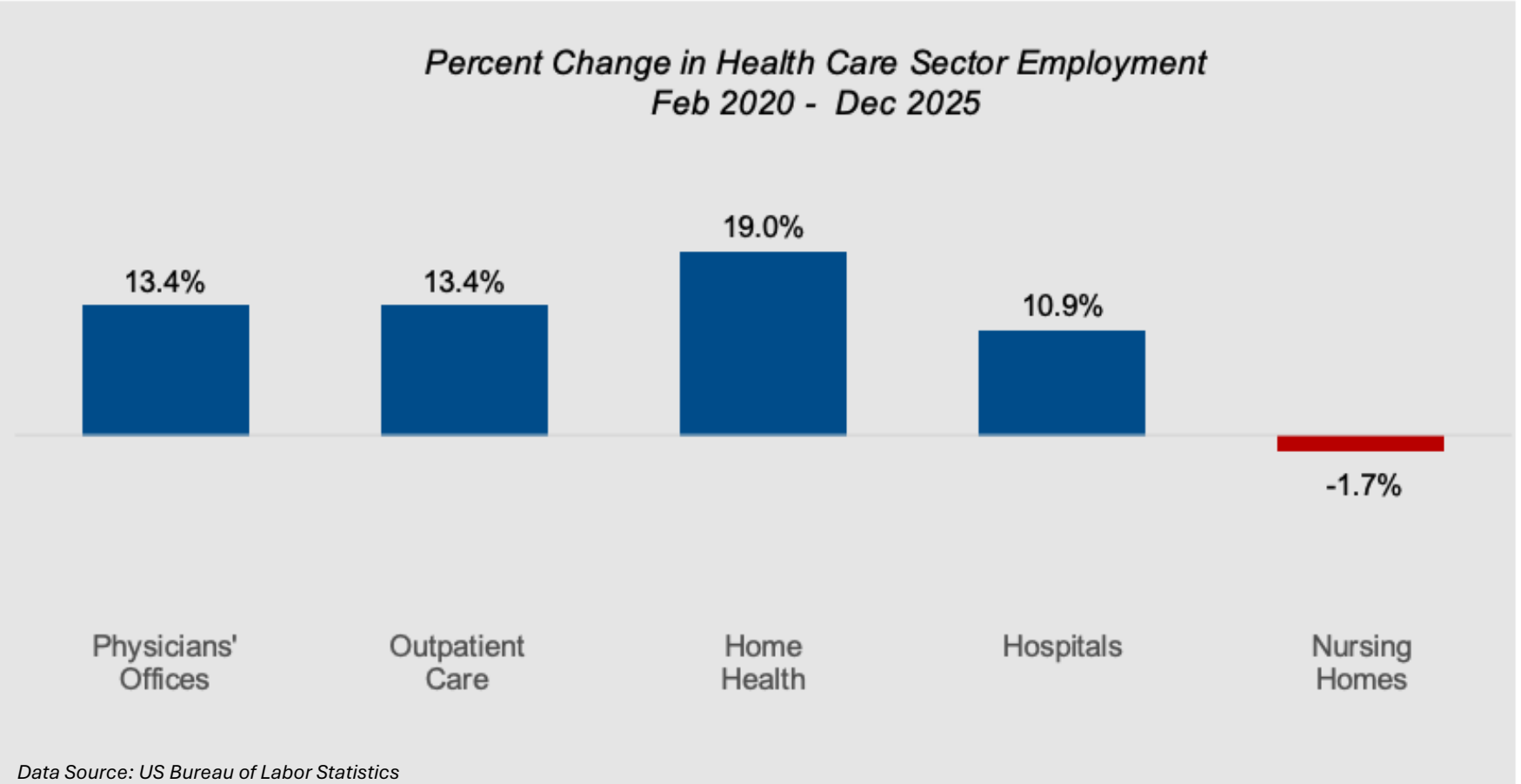
# Available Workforce from Other States Is Declining




This graph demonstrates the declining ratios of 18–44-year-olds to 80+ year olds and 45–64-year-olds to 80+ year olds in the United States, indicating the need for caregivers (either family based or employed) as our population ages.

*Data Source:* *US Census Bureau 2023 National Population Projections*

# Nursing Homes Took Longer to Recover – National




The problems of a prolonged workforce deficit are intensified by agreements not to compete that make it difficult to convert agency nursing staff into permanent staff.

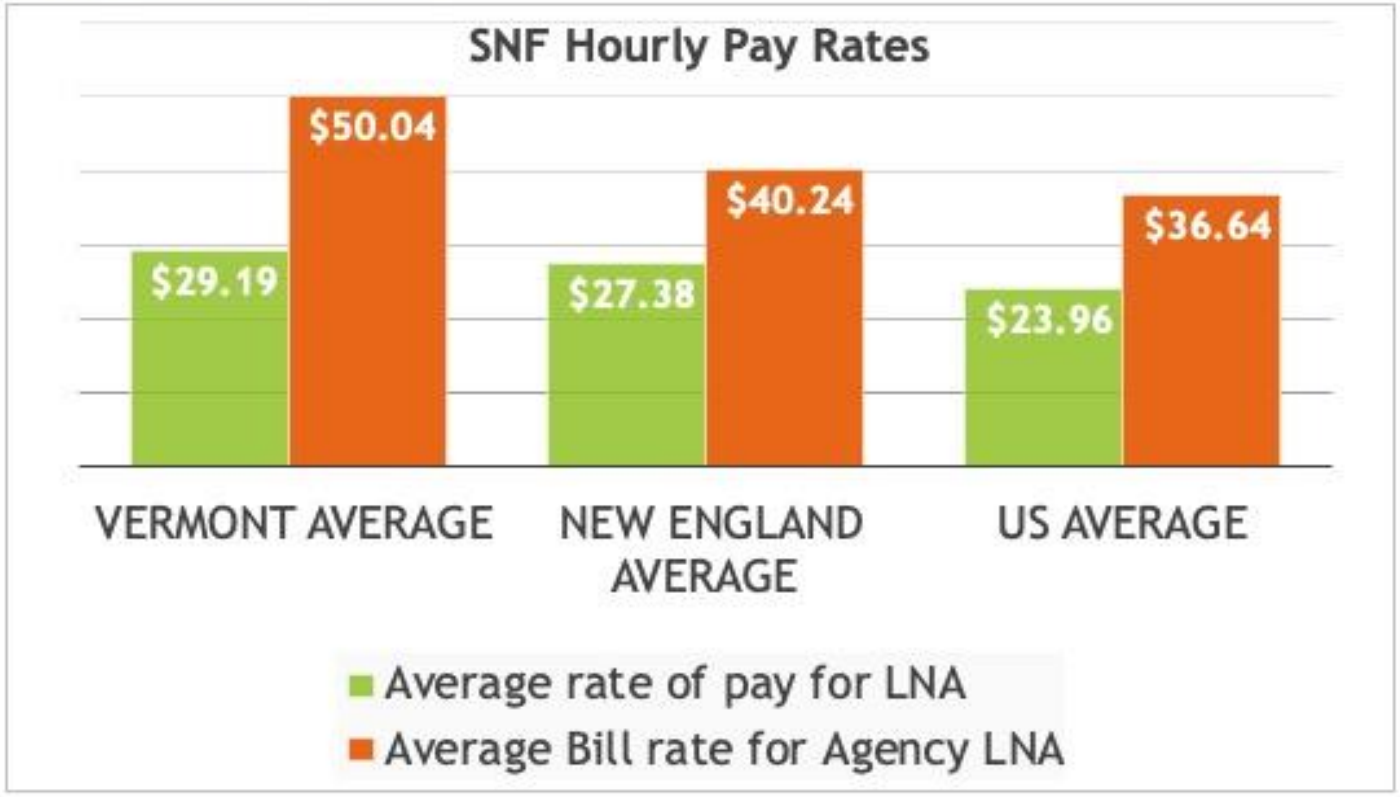
# Understanding Options for Stabilizing Workforce

With help from the VBR Research & Education Foundation, VHCA looked at reasons for persistent workforce shortages that appear in general studies / recommendations to understand how they were playing out in Vermont. The focus was on LNAs as both the largest number of staff and a proxy for individuals entering a career in long-term care

# Vermont is Starting from Relatively Strong Wages

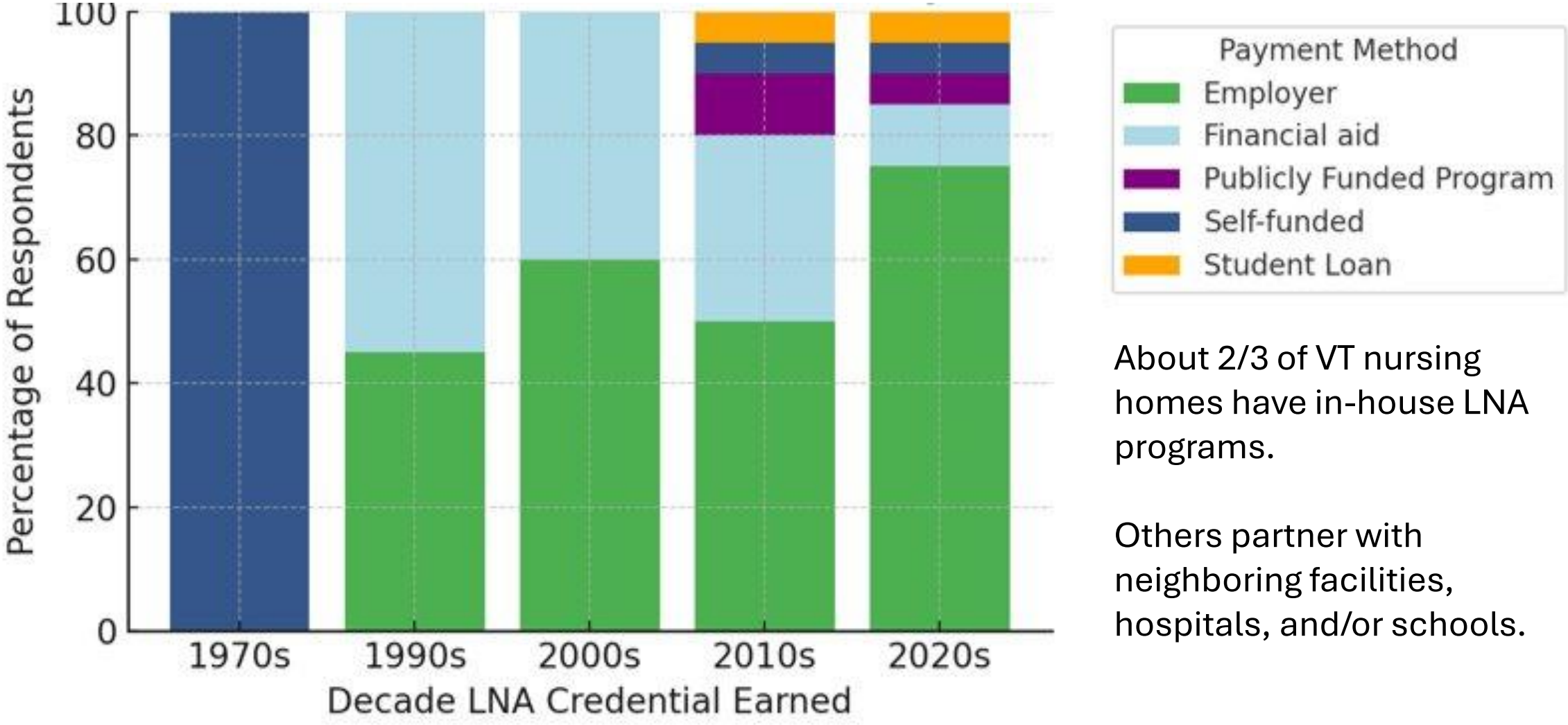
## Vermont vs US

*Data provided by AHCA, as of Nov 2024




Slide from Vermont Business Roundtable LNA Pipeline Study

# Vermont Has Robust Employer Training Opportunities




About 2/3 of VT nursing homes have in-house LNA programs.

Others partner with neighboring facilities, hospitals, and/or schools.

Slide from Vermont Business Roundtable LNA Pipeline Study

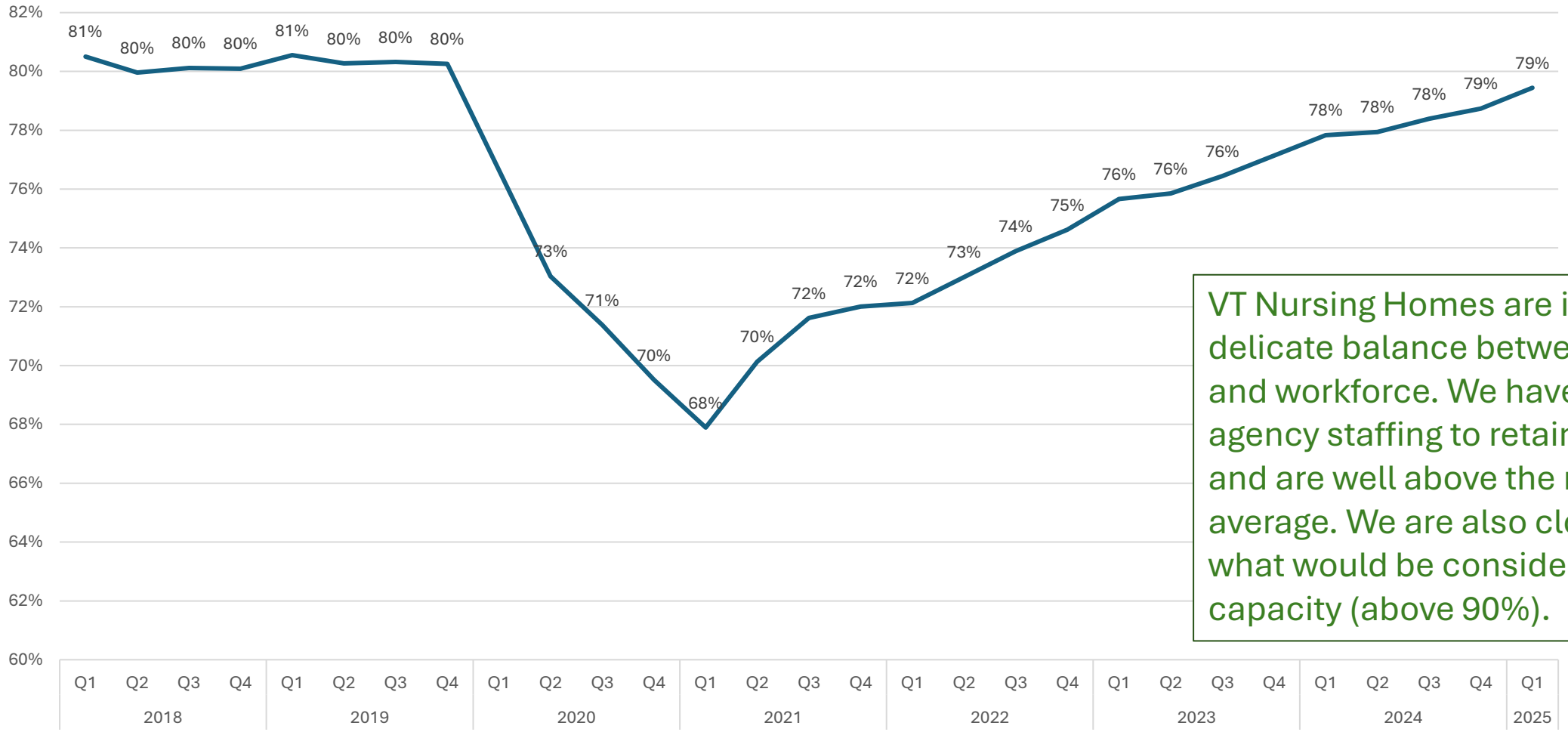
# Vermont Maintained Minimum Staffing

A big concern with a staffing shortage is maintaining minimum staffing levels, which matters for care quality and also working environment. Nursing homes report their daily payroll to CMS in a public database, allowing us to track and compare.

- Vermont has minimum staffing requirements in state regulations, and we staff on average 4.43 HPRD (more than 1 hour above the minimum).
- Throughout workforce disruptions we have staffed more than the national average  (case mix remains similar).
- In facility census reports we see that buildings pause admissions rather than exceed practical staffing capacity.

# Nursing Home Capacity - Census

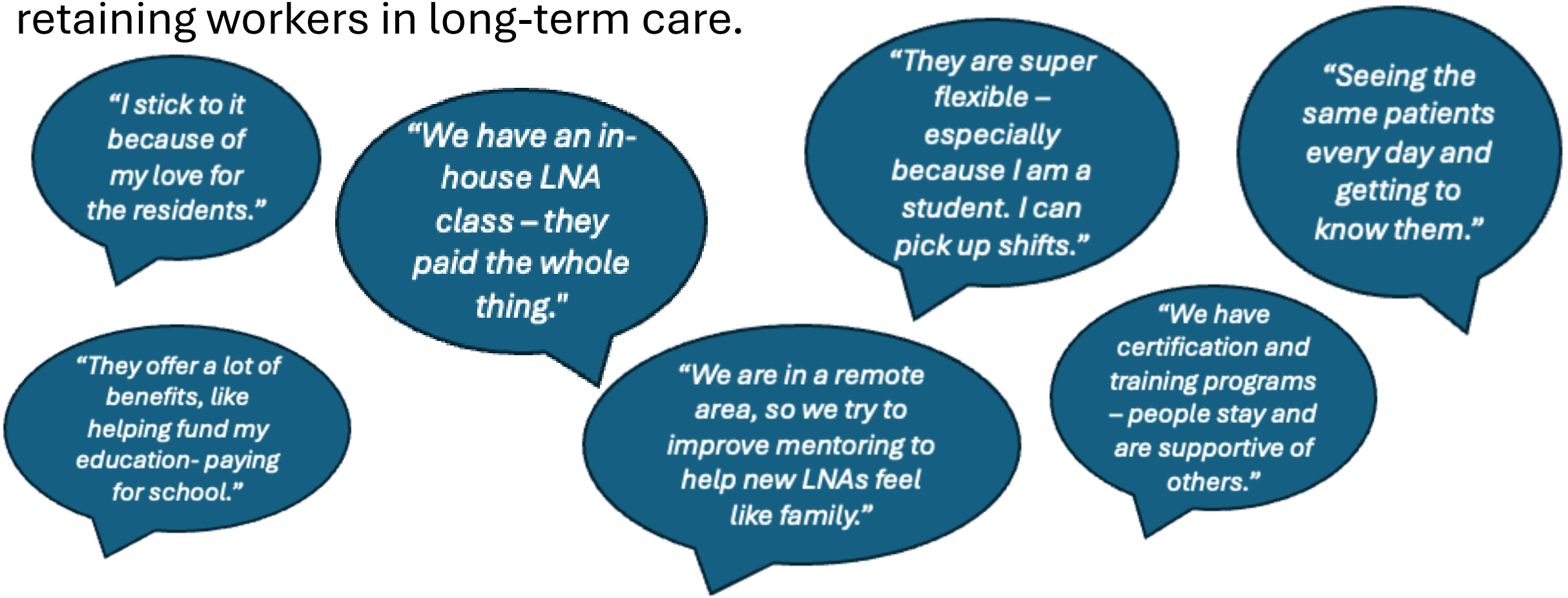
VT – 87%



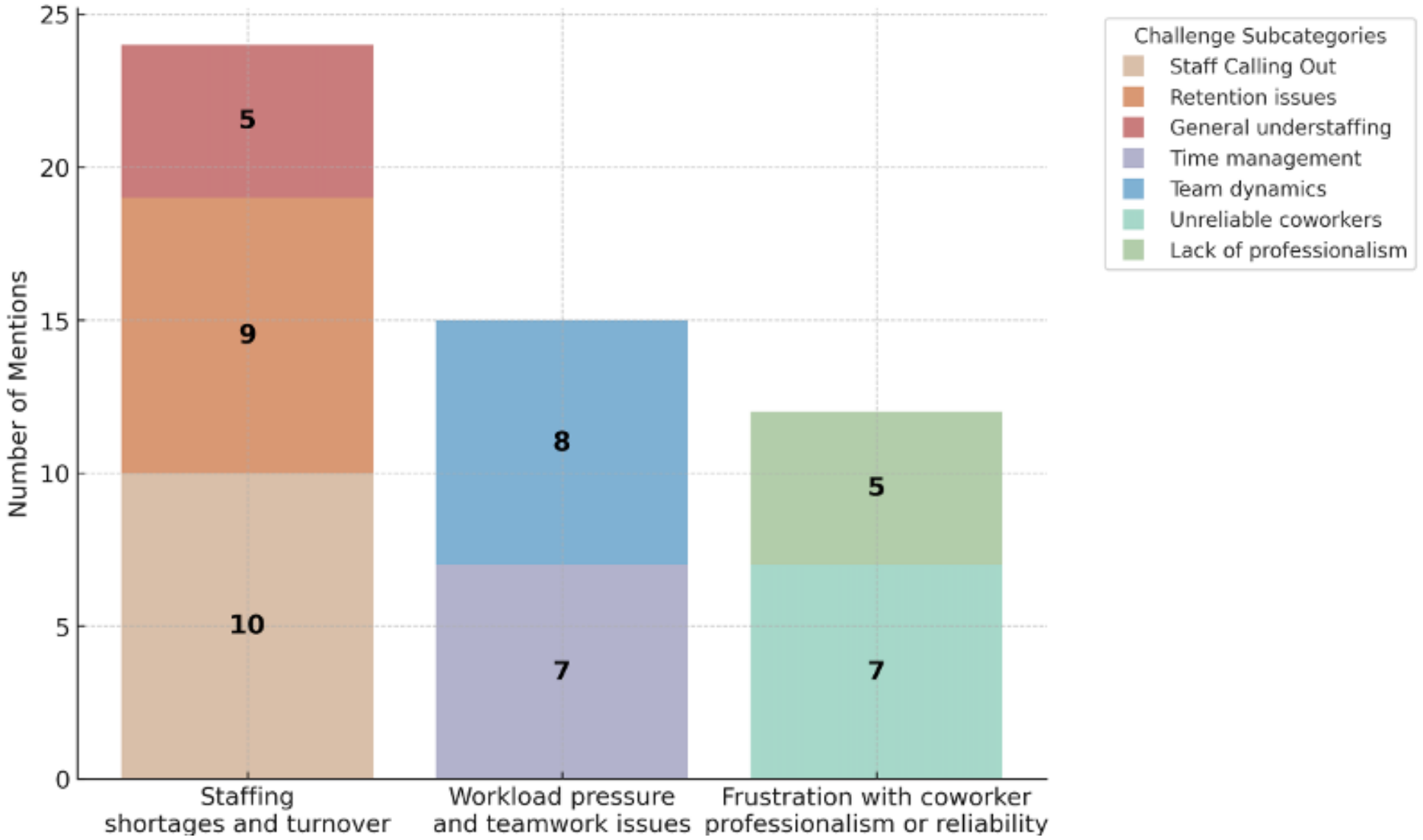

VT Nursing Homes are in a delicate balance between census and workforce. We have used agency staffing to retain access and are well above the national average. We are also close to what would be considered at capacity (above 90%).

# Vermont LNAs Provide Positive Feedback

Although difficult to quantify, the VBR REF study interviewed LNAs across the state to see if their perceptions of the value in their job matched what national studies have identified as key attributes for retaining workers in long-term care.



# Top Challenges Stemmed from Workforce Shortages



# Individual Facility Projects

Without one universal answer to producing more workforce, grants funded dozens of projects at nursing homes to try different strategies.

Peer Learning Networks

LNA Training
- Expanded options in-facility
- Partnerships with CTEs
- Hybrid Training Options

Career Advancement Opportunities
- MNA Training
- Certified Dementia Care
- Restorative Nursing

High School Connections
- HOSA Participation
- Job Fairs
- Updated Promotional Materials

Mentorship Programs

Leadership Training

Employee Based Recruitment
- Referral Bonuses
- Onboarding Pay
- Tools for Recruitment

Improved Job Marketing
- Online Job Postings
- Template Materials
- Website Improvements

Enhancing Community Aspect of LTC Residential Work

International Recruitment
- Language Proficiency
- Skills Review & Testing
- Relocation Supports

Staff Housing Benefits

Pay Incentives
- Signing Bonus
- Retention Bonus

Restructuring Onboarding Process

Technology Upgrades
- Care Technology
- Education
- Communication

# Sustaining Improvements Moving Forward

Positive: The Rural Health Transformation Fund and Vermont's participation in the CMS Nursing Home Staffing Campaign both offer opportunities to continue growing workforce.

Negative: Rate volatility remains one of the primary destabilizing factors.

- A quarterly change of $5 in rates used be considered large, we're now seeing multiple facilities with more than 5x that in change each quarter.
- The spread between facility rates is wide – almost $200 a day.
- Underlying costs also change significantly – including in workforce. When there is an absolute shortage in available staff, one hiring push by a local hospital or other nursing home can seriously impact neighboring facilities.
- Workforce isn't the only cost with major fluctuations.
- Payment calculations are retrospective – rate calculations, EFR – and based on Medicaid rates that pay (on average) 80% of costs. That has not given facilities an option to rebuild reserves or invest in their own stability.



# VHCA

## Vermont Health Care Association

*Representing Quality Health Care Homes*